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October 14, 2011

VIA E-MAIL & FIRST-CLASS MAIL

The Honorable Battle R. Robinson
104 W. Market Street
Georgetown, DE 19947

Re: Proposed Affiliation of BCBSD, Inc. with Highmark Inc.

Dear Judge Robinson:

Attached please find the text of one additional condition which has been agreed to by the Delaware Department of Insurance ("DOI"), BCBSD, Inc. ("BCBSD") and Highmark Inc. ("Highmark"). This condition memorializes the requirements of 18 *Del. C.* § 6310 regarding the requirement that the Insurance Commissioner shall not approve this proposed affiliation, unless that affiliation results in BCBSD offering a so-called CHIP (or Delaware Healthy Children Program) for children without access to health insurance, offering the same benefits and eligibility criteria as provided for under 16 *Del. C.* § 9909(i) with the premiums to be initially charged approved as part of the affiliation approval process.

Your Honor may recall that Mr. Swayze, on behalf of BCBSD, made certain representations regarding this program on the record at the recent hearing. Nevertheless, upon further review and after discussion and input with the various interested parties, including Lt. Governor Denn, the Applicants and DOI agreed that this attached additional condition best memorialized the requirement of § 6310 and the intention of the parties.

Please feel free to contact me if you have any questions or concerns.

Sincerely,

MORRIS, NICHOLS, ARSHT & TUNNELL, LLP



Michael Houghton (No. 2179)
Counsel for the Delaware Department of Insurance

MH/ss
Enclosures

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cc: See Attached Service List
4542363.2

SERVICE LIST

<p>The Honorable Battle R. Robinson 104 W. Market Street Georgetown, DE 19947 Phone: 302.856.2248 Email: robinsonr@ce.net <i>Hearing Officer</i></p> <p>and</p> <p>GianClaudio Finizio, Esquire Bayard, P.A. 222 Delaware Avenue, Suite 900 P.O. Box 25130 Wilmington, DE 19801 Phone: (302) 429-4240 Fax: (302) 658-6395 Email: gfinizio@bayardlaw.com <i>Counsel to Hearing Officer Robinson</i></p>	<p>Ian R. McConnell, Esquire Meredith Stewart Tweedie, Esquire Delaware Department of Justice Carvel State Office Bldg 820 N. French Street Wilmington, DE 19801 Phone: 302.577.8533 Fax: 302.577.6499 Email: ian.mcconnel@state.de.us Email: meredith.stewart@state.de.us</p> <p>and</p> <p>Cynthia R. Shoss, Esquire Dewey & LeBoeuf 1301 Avenue of the Americas New York, New York 10019-6092 Phone: (212) 259-8129 Email: cshoss@dl.com <i>Counsel to Delaware Department of Justice</i></p>
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